

Members

Rep. Terry Goodin, Chairperson
Rep. Scott Pelath
Rep. Ed DeLaney
Rep. Thomas Dermody
Rep. Jeffrey Thompson
Rep. Milo Smith
Sen. Gary Dillon, Vice-Chairperson
Sen. Luke Kenley
Sen. Ryan Mishler
Sen. Lindel Hume
Sen. Earline Rogers
Sen. Timothy Skinner



INTERIM STUDY COMMITTEE ON SCHOOL FUNDING FORMULA

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Authority: P.L. 182-2009(ss)

MEETING MINUTES¹

Meeting Date: September 23, 2009
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington
St., Room 404
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Rep. Terry Goodin, Chairperson; Rep. Ed DeLaney; Rep. Thomas Dermody; Rep. Jeffrey Thompson; Rep. Milo Smith; Sen. Gary Dillon, Vice-Chairperson; Sen. Ryan Mishler; Sen. Lindel Hume; Sen. Earline Rogers; Sen. Timothy Skinner.

Members Absent: Rep. Scott Pelath; Sen. Luke Kenley.

Rep. Goodin called the meeting to order. He introduced the members and indicated that the Interim Study Committee on School Funding Formula was authorized by statute to study the school funding formula over two years. As a result, the Committee would issue an interim report in this year and its recommendations during the Interim of 2010. He indicated that his goal was to present recommendations that would result in a school funding formula that is fair to all students and schools. He urged the Committee to be forward thinking in its deliberations. Other members of the Committee concurred in this goal and added that they would like to look at the issues of simplifying the formula so that it is more understandable, fully fund activities such as remediation, and establish goals

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

that permit the State to live within its revenues. The Chairperson then opened the meeting to public testimony.

Monique Christensen, Indiana Families for Virtual Public Schools, requested that the school funding formula that is developed be fair and equitable for all children. She suggested that the formula focus more on funding students than on funding schools. She indicated that she supported a formula that was weighted to provide additional funding for students who required additional resources to educate students needing additional help. She indicated that it was equally important to empower local leaders to use the resources that become available to the school.

Daniel A. Sighting, Superintendent, Bloomfield School District, addressed the issue of fully funding categorical grants and special education. He also recommended additional funding to extend broadband services to rural schools. He indicated that a change in the standards used to classify children as special education students has resulted in a delay in the date when a child first becomes counted in the school funding formula for the purposes of receiving additional special education grants. He also addressed issues related to the complexity index in the school funding formula.

Aaron Smith, founder of Watchdog Indiana, indicated that he believed that efforts to improve the formula are likely to fail. He also indicated that he is skeptical that adding money to the formula is necessary to improve educational services. He suggested that changing the way education services are delivered and increasing the extent to which parents are involved in the educational activities of their children would be beneficial.

John Ellis, Executive Director of the Indiana Association of Public School Superintendents, made a number of suggestions for improvement in educational funding, including restoration of the new facilities appeal. Mr. Ellis indicated that part of the focus of the Committee should be on determining how much money should be distributed to schools to adequately fund the functions that they are required to carry out. He suggested that the Committee look at the formula adjustments being incorporated in the Ohio school funding formula. He noted that other factors could be incorporated into the complexity index component of the school funding formula. He noted, for example, that some schools have high security costs that are not specifically addressed in the formula. He also suggested looking at funding to mitigate the effects of the circuit breaker credit on the capital projects fund. He suggested that the Committee consider permitting school corporations to opt into the state employee health insurance plan. He indicated that the Indiana Association of Public School Superintendents is working with the Center for Evaluation and Education Policy to provide additional information to the Committee. He distributed an outline of a proposed Center for Evaluation and Education Policy study of educational adequacy in Indiana. (See, Exhibits 1 and 2).

Frank Bush, Executive Director of the Indiana School Boards Association, offered to assist the Committee with its work. He suggested that in an era of tight funding, the Committee should focus on recommendations that will result in funding the highest educational priorities. Full funding for full day kindergarten and remediation should be considered possible priorities. He indicated that the Association supported the concept of money following the child and recommended that the Committee consider how to better fund the costs of delivering services to schools with a growing school population. Mr. Bush noted that the law permits certain schools to use money in a capital projects fund to fund the costs of employing bricklayers, stone masons, cement masons and other high-skilled trade workers described in IC 20-40-8-16. He suggested that the Committee consider extending this authority to all schools. He distributed a copy of a resolution listing the proposed funding recommendations of the Association. (See, Exhibit 3).

Denny Costerison, Executive Director of the Indiana Association of School Business Officials, recommended that the Committee consider the issues related to the effect of the circuit breaker on funding for the capital projects fund. He suggested that the Committee review funding levels for the various supplemental grants and the impact of the transition to foundation component of the school funding formula on growing schools. He suggested that breaking the school general fund into an operating account and a capital account might be a useful accounting change. He indicated that the Association was currently opposed to converting school corporations from a calendar year budget to a fiscal year budget. He noted that increasing contribution requirements for pension plans administered by the Indiana Teachers' Retirement Fund have put a strain on the finances of school corporations. He distributed a letter from the Association describing various funding issues. (See, Exhibit 4). He also distributed a table illustrating the difference between the maximum allowable and actual collection rate for property taxes imposed for the capital projects fund of the Eastern Howard County school district. (See, Exhibit 5).

Chuck Little, Executive Director of the Indiana Urban Schools Association, indicated that the Association would provide assistance to the Committee as needed.

Gail Zeheralis, Indiana State Teachers Association, also expressed the willingness of the Association to work with the Committee. She indicated that there are many tools to measure the amount of money necessary to educate a child. She suggested that the Committee look at whether the total amount distributed to all schools should be increased to adequately fund the education of students. She noted that categorical grants have been increasingly underfunded in recent years.

Gretchen Gutman, an attorney with Taft, Stettinius & Hollister LLP representing the Coalition of Growing Schools, indicated that the Coalition represents schools with approximately 17% of the total student population of the state. She suggested that the fairest way to provide additional funding to schools that have greater educational costs is to modify the complexity index component of the school funding formula. She suggested that the formula be amended to incorporate a performance improvement index to reward schools that focus resources on improving the test scores and performance of their students. She pointed to the academic honors component of the school formula as being an example of an addition to the formula that provided an incentive to expand the academic honors curriculum offered by schools. Ms. Gutman suggested that a performance index would be fair to both schools that have large numbers of at-risk students as well as other schools because the index would reward improvements on a school by school basis. In response to a question, Ms. Gutman noted that the advantage of a new facility appeal grant is that it provides funding for increased operating costs related to the opening of a new facility that occur after it is opened and before the date that school funding formula distributions begin to reflect any increase in the number of students using the facility.

Terry Spradlin and Dr. Bob Michael, Center for Evaluation and Education Policy at Indiana University, described the mission of the Center and indicated that the Center would be available to assist the Committee. They distributed a bibliography of the studies prepared by the Center (see, Exhibit 6), a recent publication entitled "Changes in Indiana School Funding" (see, Exhibit 7), an excerpt from a study prepared by Robert Toutkoushian and Robert Michael that describes progress in meeting the perceived goals of Indiana's school funding formula (see, Exhibit 8), and a description of the evidence-based model approach to identifying strategies for improving student performance and determining the amount needed to provide adequate funding to educate students (see, Exhibit 9).

Chuck Mayfield, Senior Fiscal Analyst for the Legislative Services Agency, distributed a

copy of a report prepared by the Center on Reinventing Public Education at the University of Washington Bothell, entitled "Funding Student Learning" (See, Exhibit 10).

Rep. Goodin thanked the members and the witnesses for attending the meeting. He indicated that the Committee would meet again in October. He then adjourned the meeting at approximately 3:30 p.m.